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C O N F I D E N T I A L SECTION 01 OF 03 DILI 000095

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SUBJECT: GUSMAO EXPOUNDS ON REINADO, ELECTIONS

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CLASSIFIED BY: Stanley Harsha, Charge d'Affaires, US Embassy
Dili, Department of State.
REASON: 1.4 (b), (d)

¶1. (C) Summary: In a March 8 meeting, President Xanana Gusmao told Charge d'Affaires (CDA) he will no longer talk directly with Major Alfredo Reinado because of Reinado's history of stubbornness and duplicity in the President's direct negotiations with the rebel soldier. The strategy remains for the International Stabilization Force (ISF) to smoke Reinado out and force his surrender or capture, and to avoid killing Reinado, Gusmao confirmed. Gusmao also said he is sensitive to accusations that he is sympathetic to Reinado and helping him, another reason why he does not want to be directly in communication with Reinado. The only GOET avenue of dialogue that Gusmao cited is through one or both of East Timor's Catholic Bishops who have been asked to attempt to persuade Reinado to surrender. Gusmao agreed with our point that the Timorese military (F-FDTL) force deployment must not be expanded beyond its current static protection mandate and that their deployment must be carefully coordinated with the United Nations Integrated Mission in Timor-Leste (UNMIT) and the ISF. Describing in some detail his own plans to form a political party and sideline the powerful leftist "Maputo" wing of the ruling Fretilin party, Gusmao said registration of members for the new party he is forming has been completed in nine of the nation's 13 districts, and nearly so in the other 4 districts. He added that his party, National Council for Timorese Reconstruction (CNRT), will be formally declared on March 26. His plan is to contest the elections by forming a cooperative association with the coalition of three opposition parties, Democratic Party (PD), Social Democrat Party (PSD), and Social Democrat Association of Timor-Leste (ASDT). CNRT's main role will be to siphon off the moderate "Mudansa" faction in Fretilin, leaving the core Maputo group moribund. End Summary.

Military dissidents

¶2. (C) In a March 8 meeting with the CDA, Deputy Chief of Mission (DCM) and U.S. Defense Representative (USDR), President Xanana Gusmao recounted the long history of his personal efforts to persuade Major Alfredo Reinado to surrender, including several meetings last year when Reinado repeatedly said he would only obey Gusmao as his supreme commander. Gusmao said he replied tartly to Reinado at one meeting that his command was for Reinado to surrender, to which Reinado replied "anything but that." Explaining how his attitude towards Reinado has fluctuated from anger to calm deliberation, Gusmao described Reinado as incorrigibly obstinate. Gusmao noted that Reinado's ego is reinforced by the "petitioners" (several hundred F-FDTL soldiers dismissed in 2006 after they complained of discrimination) and the Movement for National Unity and Justice (MUNJ) supporters, who feed Reinado's heroic sense of self to the point that he believes he is disappointing followers if he surrenders (Note: MUNJ is a loose anti-Government coalition.). CDA also emphasized to Gusmao that the U.S. Government fully supports GOET efforts to apprehend Reinado in cooperation with the ISF, and that they should be unflagging in their efforts to do so.

¶3. (C/NF) Gusmao also related a story of how he met with MUNJ supporters of Reinado at 6 p.m. March 3, the night of the ISF assault, to discuss a possible resolution to the stand-off in Same. Gusmao furthermore theorized that Reinado knew of the imminent ISF assault because his hilltop vantage point would have enabled him to spot the deploying assault force. Reinado would have correctly assumed that there was a sudden force build-up occurring near his position consisting of special operations forces and that an assault was imminent. Gusmao appears to have offered this theory to refute suggestions that Reinado was tipped off. (Note: Both Prime Minister Ramos Horta and Australian sources suggested to us that Reinado was tipped

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off regarding the operation against him, thus facilitating his escape. End note.)

¶4. (C/NF) Gusmao also said military petitioner leader Lieutenant Gastao Salsinha was no longer with Reinado and was now willing to give up his weapons. Prior to the ISF action against Reinado, Salsinha had viewed Reinado's actions as justified, according to Gusmao. Now, Gusmao believes that Salsinha has changed his thinking on this matter.

Political landscape

¶5. (C) Gusmao also laid out his strategy to unseat the "Maputo clique" of Fretilin. (Note: Most of this group of Portuguese-educated political leaders spent the Indonesian occupation era in Mozambique.) Although opposition parties PD, PSD, and ASDT leaders have all expressed their opposition to Gusmao's formation of a new party and have refused to back his preferred presidential candidate, Ramos-Horta, Gusmao claimed that all parties are now in agreement that they must unite against the Maputo faction as the common enemy. He said his temporary alliance with the three opposition parties is to alleviate concerns that CNRT will steal their membership base. Thus, Gusmao said that following the April 9 presidential elections, the three opposition parties, CNRT, and the Mudansa (reform) wing of Fretilin would unite in the campaign to defeat Fretilin in the parliamentary elections. This would not be a coalition but rather a cooperative alliance ultimately aimed to defeat all vestiges of the Maputo clique. Gusmao said elections will be held on June 20, although he has not yet announced this publicly. Following elections each party, including a reinvigorated and reformed Fretilin led by the freshly-emerged Mudansa wing, would go back to competing against with one another. Gusmao then stated that following the elections the Maputo members can take their passports so that "they can leave East Timor and go wherever they wish."

¶16. (C) Gusmao said the CNRT has already gathered in excess of the 1500 signatures needed for registration, and has completed registration in nine of the nation's 13 districts, and nearly so in the other four remaining districts so that the party could be represented nationwide. He also noted that it has been difficult for CNRT to register voters as the other existing political parties had already grabbed most of the eligible voters. He suggested that once the next Parliamentary configuration takes shape, the ideal would be for Parliament to consist of just five parties: PD, PSD, ASDT, CNRT and a diminished Fretilin.

¶17. (C) Gusmao also offered an analogy that highlighted the fundamental differences between himself and Fretilin Secretary General Mari Alkatiri regarding the direction of the nation. He suggested imagery of a dirty old man in poor health, who at least had his pride. Gusmao stated that this is the East Timor of Alkatiri - a wrecked nation with poor infrastructure and little systemic basis for meaningful development, but in possession of all sovereign faculties - even though these faculties might be non-functioning. Gusmao said that the nation had to move beyond this mentality if it was to modernize and if its people were to exist within a modern, democratic context.

Sigh of Relief on Lobato verdict

¶18. (C) Asked about his views on the Rogerio Lobato verdict, Gusmao exhaled a big sigh of relief, expressing satisfaction that the guilty verdict and relatively heavy sentence had precluded more unrest. Gusmao sidestepped a question on whether he thinks the verdict would be upheld on appeal. CDA asserted that progress towards a better justice system and implementation of the Commission of Inquiry (COI) recommendations would be important in addressing the root causes of discontent. Gusmao nodded in agreement but avoided answering a question about progress in responding to the COI report. Asked about progress in meeting with the petitioners, Gusmao confirmed that dialogue

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between the petitioners and the F-FDTL would occur soon but was vague on details.

¶19. (C) Gusmao also noted that lack of social justice, particularly among the nation's unemployed youth, is a major impediment to achieving stability, noting that a new government will be needed before any progress can be made. He repeatedly referred to the current government as taking a hole and making it bigger, instead of fixing it, having nothing positive to say about current leadership.

HARSHA